



The State of Tennessee Retirement Plan

RetireReadyTN

7/20/2023 - Life After Clerking



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What is RetireReadyTN?

RetireReadyTN is the State's retirement program, combining the strengths of a defined benefit plan provided by the Tennessee Consolidated Retirement System (TCRS), 401(k) and 457(b) plans through services provided by Empower Retirement, and retirement readiness education. We strive to empower public employees to take actionable steps toward preparing for the future.





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Who are State of Tennessee Retirement Plan Members?

- State Employees
- Higher Education Employees
- Public K-12 Teachers
- Certain Judges/The Attorney General/District Attorneys General/District Public Defenders
- Members of the General Assembly
- Local Government Entities that elect to participate such as:
 - Cities
 - Counties
 - Special Districts

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Tennessee Consolidated Retirement System (TCRS)



- TCRS is a defined benefit plan providing a lifetime retirement benefit, survivor and disability benefits for members and beneficiaries
- After meeting vesting requirements, a member becomes eligible to receive a monthly retirement benefit upon reaching the age and/or service requirement
- Benefits are calculated with a set formula

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What Determines Your TCRS Retirement Benefit?



- **Average Final Compensation (AFC)**
 - The average of your highest 60 consecutive months of salary
- **Years of Service**
 - Your total number of years and months of creditable service
- **Age at Retirement**
 - Determines early retirement reduction factors and benefits paid under the joint and survivor plan options

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Legacy Plan Overview



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Employees Hired Before July 1, 2014 – Legacy Plan

- Members may be contributory or non-contributory to TCRS
- Generally 5-year vesting under TCRS, with some exceptions
- Service Retirement at age 60 and vested, or with 30 years of service
- Early retirement may be available with a reduced benefit
- Participation in the 401(k) plan is on a voluntary basis



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TCRS Legacy Plan Formula

Accrual Factor ¹		Average Final Compensation		Years of Service		Annual Benefit
1.575%	x	Average of Member's Highest 60 Consecutive Months of Salary	x	Service established while in a position covered by the Legacy Plan	=	

¹General State, Higher Education Employees, and K-12 Public School Teachers receive a 5% Benefits Improvement Percentage (BIP), which raises the Accrual Factor from 1.5% to 1.575%. The BIP does not apply to members of the General Assembly, State Judges, and any superseded plans.

- Retirement benefit payments are made monthly via direct deposit
- A member may choose a Single Life Annuity or Joint and Survivor Plan

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Legacy Plan TCRS Benefit Calculation Example

Average Final Compensation (AFC) = \$30,000

Years of Service	Accrual Factor ¹	Annual Benefit	Monthly Benefit
5	1.575%	\$2,362.50	\$196.88
10	1.575%	\$4,725.00	\$393.75
15	1.575%	\$7,087.50	\$590.63
20	1.575%	\$9,450.00	\$787.50
25	1.575%	\$11,812.50	\$984.38
30	1.575%	\$14,175.00	\$1,181.25

¹General State, Higher Education Employees, and K-12 Public School Teachers receive a 5% Benefits Improvement Percentage (BIP), which raises the Accrual Factor from 1.5% to 1.575%. The BIP does not apply to members of the General Assembly, State Judges, and any superseded plans.

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Hybrid Plan Overview



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Employees Hired on or After July 1, 2014 – Hybrid Plan

	Employer contributions	Member contributions	Total contributions
TCRS	4%	5%	9%
401(k)	5%	2% ¹	7%
TOTAL	9%	7%	16%

- Members are contributory to TCRS
- 5 year vesting in TCRS, immediate vesting in 401(k)²
- TCRS Service Retirement at age 65 or by meeting the rule of 90 (service credit plus age = 90)
- Employees can modify contributions at any time

¹Members have 30 calendar days to opt out of the 2% member contribution before a contribution is made to the member's account; otherwise, contributions to the 401(k) of 2% will be deducted each pay period for the member. The member may modify, or opt out of, future contributions to the 401(k) plan at any time.

²State, Higher Education employees, and K-12 Public Teachers have immediate vesting in the 401(k). Local Government employees should call their plan specialist.



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TCRS Hybrid Plan Formula

Accrual Factor	Average Final Compensation	Years of Service	Annual Benefit
1.0%	Average of Member's Highest 60 Consecutive Months of Salary	Service established while in a position covered by the Hybrid Plan	
x	x	=	

- Benefit payments are made monthly via direct deposit
- A member may choose a Single Life Annuity or Joint and Survivor Plans



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Hybrid Plan TCRS Benefit Calculation Example

Average Final Compensation (AFC) = \$30,000

Years of Service	Accrual Factor	Annual Benefit	Monthly Benefit
5	1.0 %	\$ 1,500.00	\$ 125.00
10	1.0%	3,000.00	250.00
15	1.0%	4,500.00	375.00
20	1.0%	6,000.00	500.00
25	1.0%	7,500.00	625.00
30	1.0%	9,000.00	750.00

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Maximizing Your Retirement Benefits

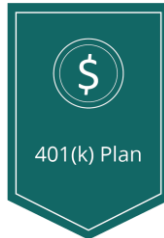


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The 401(k) Plan



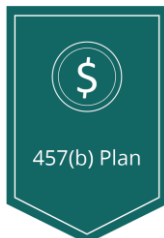
- In 2023, you can contribute 100% of your compensation or \$22,500 (whichever is less)
- Members Age 50+ or older may contribute an additional \$7,500 in 2023
- Traditional 401(k) contributions are made pre-tax and are taxed in retirement
- Roth 401(k) contributions are made after-tax, but are not taxed when withdrawn

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The 457(b) Plan



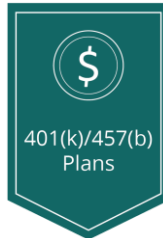
- In 2023, you can contribute 100% of your compensation or \$22,500 (whichever is less)
- Members Age 50+ or older may contribute an additional \$7,500 in 2023
- Contributions to the plan through voluntary salary deferral and any earnings can grow tax deferred until withdrawn, usually during retirement

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Deferred Compensation Plans – 401(k) and 457(b)



- The amount available in retirement is based on contributions, plus any accumulated earnings
- Members are immediately vested in the 401(k) & 457(b)¹ Upon terminating employment or retiring, an employee may leave the account balance in the plan, roll it over to another qualified plan, or begin taking distributions²
- Members select their investment options based on their individual goals, risk tolerance, and timeline

¹ State, Higher Education employees, and K-12 Public Teachers have immediate vesting in the 401(k) and 457(b). Local Government employees should call their plan specialist.

²Withdrawals from the 401(k) Plan may be subject to income tax and a 10% early withdrawal penalty if taken before age 59½. Withdrawals from the 457(b) plan may be subject to income tax.

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Nearing Retirement



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Retirement Process Steps

1. Review your annual statement on RetireReadyTN.gov on a regular basis.
2. When you are three (3) years from being retirement eligible, call (800)-922-7772 to order a benefit estimate.
 - This will be your first opportunity to see your survivorship options as well as your single life annuity based on the retirement date you provide.
3. Schedule a pre-retirement counseling session once you have your general retirement date set.
 - During this session you can expect the counselor to go over your benefit selection options based on your benefit estimate, how to access your 401(k) and or 457 balances, social security options and how to fill out the online retirement application.
4. 90 days out from your retirement date: submit the online retirement application.
5. Once your application has been processed, you will receive your notice of retirement letter that will give you your benefit amount as well as when your first payment will be issued.
 - Keep in mind that you have 60 days upon receiving this letter to change your beneficiary if you are choosing a joint and survivorship option.

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TCRS Retirement Plan Option Selection



- Single Life Annuity Plans
 1. Member Only Option - Maximum monthly benefits payable to member for life. Benefits cease at death.
 2. Social Security Leveling - An increased benefit payable to member until age 62, then a reduced benefit payable after that date. The reduction would be equal to the full amount the member is eligible to receive from Social Security at age 62.
- Four Joint and Survivor Plans

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TCRS Retirement Plan Options – Joint and Survivor Plans



- *Option 1 (100% Joint and Survivor)*
 - Permanently reduces the member's maximum retirement benefit based on the dates of birth of the member and his or her beneficiary(s). In the event the member passes away, the member's beneficiary(s) will receive the same benefit amount as the member for the remainder of the beneficiary's lifetime.
- *Option 2 (50% Joint and Survivor)*
 - Permanently reduces the member's maximum retirement benefit based on the dates of birth of the member and his or her beneficiary(s). In the event the member passes away, the beneficiary(s) will receive 50% of the member's benefit for the remainder of the beneficiary's lifetime.

With option 1 and 2, if a member has designated more than one beneficiary, the benefit amount will be divided equally between the beneficiaries. If any or all beneficiaries pass away before the member, the member's benefit amount will remain the same.

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TCRS Retirement Plan Options – Joint and Survivor Plans



- *Option 3 (Modification of Option 1)*
 - Permanently reduces the member's maximum retirement benefit based on the dates of birth of the member and his or her beneficiary(s). In the event the member passes away, the beneficiary(s) will receive the same benefit amount as the member for the remainder of the beneficiary's lifetime.
- *Option 4 (Modification of Option 2)*
 - Permanently reduces the member's maximum retirement benefit based on the dates of birth of the member and his or her beneficiary(s). In the event the member passes away, the beneficiary(s) will receive 50% of the member's benefit for the remainder of the beneficiary's lifetime.

With Option 3 and 4, if a member has designated more than one beneficiary, the benefit will be divided equally between the beneficiaries. In the event the beneficiary passes away before the member, the member's benefit will increase to the member's maximum benefit under the Member Only Option. If multiple beneficiaries have been designated, a portion of the member's benefit that was designated for a beneficiary that dies before the member will revert to the amount the member would have received under the Member Only Option.

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Cost of Living Adjustment (COLA)



- Must be retired 12 months by the upcoming July 1 in order to receive COLA
- Based on the percentage increase in the Consumer Price Index (CPI) for the previous year
- Payable up to three percent (3%) and compounded annually
- Local Government employees should coordinate with their benefits specialist to see if COLA is available

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Accessing Your Accounts Online

- You can access your accounts online at RetireReadyTN.gov

 Login to your 401(k)/457 accounts

 Login to TCRS Self-Service

- You must login in to both the 401(K)/457 account and TCRS Self-Service to make changes to your accounts – beneficiaries must be kept current in both places

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Social Security Benefits

- SSA.gov – Official Social Security website
- Social Security is estimated to replace 35%-40% of your income
- Set up your **my Social Security** account on the website
 - Enter security questions to protect your account
 - View your estimated monthly retirement benefit
 - Update your personal information
- Review your estimated benefit for early, normal or late retirement ages

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Retirement Readiness Review

Take advantage of retirement readiness education at all stages of your career.

With your local RetireReadyTN Plan Advisor, you can review:



- Your retirement plans, including TCRS, and 401(k)/457(b) accounts
- Your TCRS Member annual statement. Access at MYTCRS.com yearly
- How much of your working income you'll need to replace
- Your personal retirement goals and planned retirement age
- Whether your savings and investment choices are in line with your goals
- Financial planning and budgeting

These services are offered at no additional cost to you.

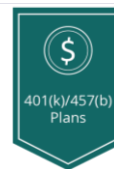
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Take Action to be Retire Ready!

- Log into your accounts at RetireReadyTN.gov
- Review your beneficiaries for TCRS, 401(k) and 457(b) accounts, and make updates if needed
- Review your TCRS Member Annual Statement
- If you are in the Legacy Plan and don't already have a 401(k) or 457(b) account, consider enrolling
- Evaluate your 401(k) and/or 457(b) contributions. Are you saving enough to support your desired lifestyle in retirement?
- Schedule a meeting with a RetireReadyTN Plan Advisor



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Schedule a virtual meeting:



<https://ryan-marlin.empowermytime.com>

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Stay Connected to your Retirement Plans



www.RetireReadyTN.gov



800-922-7772

Monday - Friday from
8 a.m. - 7 p.m. Central time



@RetireReadyTN

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Thank you!

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You should carefully consider your risk tolerance, investment horizon, retirement savings goals, and overall investment and retirement objectives prior to making investment decisions.

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